



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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JOHN ELIAS BALDACCI
GOVERNOR

REBECCA WYKE
COMMISSIONER

TO: ALL STATE DEPARTMENTS, INSTITUTIONS AND AGENCIES
FROM: Rebecca Wyke, Commissioner
DATE: March 2, 2006
SUBJECT: DELINQUENT ACCOUNTS RECEIVABLES – RECOMMENDED FOR CHARGE-OFF – **DUE MARCH 17**

An agency of the State is responsible for effectively managing their Accounts Receivables. Effective management includes periodically reviewing outstanding receivables to ensure that all reasonable efforts are used to effect timely collection. As part of their collection efforts, agencies are required to notify the State Tax Assessor for Set-off (36 MRSA §5276-A). Maine Revenue Services will assist the agency by offsetting the debt against any future State of Maine income tax refund. Agencies must give the Set-off process a least a year to determine if anything will be collected. If less than 10 % is collected during the first year, then the agency may submit the receivable for Charge-off.

The Charge-Off process is only for those accounts receivables that the agency head and the division head certify as being uncollectible. Certification must include adequate documentation of why the account is uncollectible, including collection efforts made. The Attorney General's office is available to help agencies with special problems. The Commissioner reserves the right to reject any and all charge-offs

This memo requests the following actions related to *Outstanding Accounts Receivables*.

DELINQUENT ACCOUNTS RECEIVABLES – RECOMMENDED FOR CHARGE-OFF – Please consider the following when preparing the report.

- **Due date is no later than March 17, 2006.** Due to processing constraints, reports received after March 14 will not be processed.
- Agencies are to provide **four** reports, which must include **original** signatures. Title 5 MRSA § 1504 requires Charge-offs to be signed by the department head, and division head, certifying that all accounts are impractical of realization.
- Make sure all account coding has been completed, including 8xxx B/S orgs (example 8025, 8031). See enclosure for additional instructions and format.
- Submit to **Scott Nelson, OSC, 14 SHS, Augusta, ME 04333-0014**

The charge-off procedure must not be used for adjustment purposes. Any receivables that have not been realized due to errors in billings or over-charges must be adjusted by journal.

After the financial order for the charge-offs has been processed, these accounts may be submitted to a commercial collection agency. All agencies must have copies of invoices rendered to the debtor and copies of other collection efforts available upon request from either the Office of the State Controller or a designated collection agency.

Enclosure